WORLD BANK CARBON FINANCE UNIT

Financing for Sustainable Landscapes

Africa Carbon Forum– July 2013
WORLD BANK GROUP PRIORITY FOR SUSTAINABLE LANDSCAPES

Financial Investment

WBG commitments to Agriculture and related sectors; FY13-15 Annual Avg (USD bn)

- 2.3
- 3.0
- 4.1
- 7.0
- 8.0
- 10.0


Other agriculture related investments
Agricultural production and markets
IFC

Global

Active Portfolio: IBRD/IDA Agriculture & Related Sectors:
Net commitments; $22.6 billion

- Africa 23%
- South Asia 38%
- East Asia & Pacific 17%
- LatAm & Caribbean 13%
- Eastern Europe & Central Asia 6%
- Middle East & North Africa 3%
SUMMARY ON LAND USE IN KYOTO PROTOCOL

Fragmented, relatively small A/R projects with challenging rules

• CDM as a whole – all sectors (UNFCCC data June 2013)
  – 6,955 projects registered
  – Over 1.3 Bnt CO$_2$e (CERs) issued today

• CDM A/R registered projects
  – 45 A/R projects registered
  – Peak registered in last few years (9 in 2012; 18 in 2011; 7 in 2010; 10 in 2009; 1 in 2006)
  – 27% of registered A/R projects are in Africa
  – First tCERs issued in 2012 (4 Mt CO$_2$e) – delay because of verification rule (one per commitment period); two projects issued in Africa (Ethiopia and Uganda)

• Non-CDM registered projects
  – Over 955 projects registered; VCU already issued
  – AFOLU: Over 60 projects registered and issuing VCU
  – Including Africa (ARR, REDD, Agriculture)
BUT THIS IS WHERE WE WANT TO GO.... FROM A FRAGMENTED APPROACH TO A HOLISTIC ONE

- Reforestation
- Reducing deforestation and forest degradation
- Improved agricultural practices
- Reducing reliance on non-renewable biomass for energy
BUILDING ON A ROBUST FOUNDATION

**BioCF 1 & 2**

- Launched 2004
- $90m (public & private)
- Investment/donor thesis based on delivery of carbon credits
- 20 plus projects/pilots in multiple countries – average size ~5k ha for reforestation ~ 30k for agriculture, ~ 100k for REDD
- Successful delivery of credits

**BioCF 3**

- Target $200m+ donor fund, leveraging private sector
- 4-5 jurisdictional ‘landscape’ level projects – min. size 100k ha.
- Blended climate and development impacts
- Innovative & flexible financial structure(s)
- (Re)aligning public and private sector interests
WHAT DO WE MEAN BY A ‘LANDSCAPE APPROACH’?

• Large ‘landscape level’ footprint (minimum size 100,000ha)

• Target opportunities that bring scale but that can be implemented quickly and effectively

• Recognise and support synergies between projects within a single area. Approaches include:
  - REDD
  - Assisted Natural Regeneration
  - Forest and Land Restoration
  - Reforestation
  - Sustainable Agriculture
  - Agro-forestry
  - Cookstoves
  - Water management
ETHIOPIA CASE STUDY

- Phase 1: Humbo Assisted Natural Regeneration project; Operating since 2005, delivering:
  - 2,700 ha of native forest, preventing soil erosion and flooding
  - 7 community cooperatives established
    - Local engagement despite land tenure challenges
    - Knowledge transfer
  - Poverty relief for local population of 50,000
    - $1.5m carbon income
    - Agro-forestry and agriculture yield improvements
    - 12 FT jobs plus 9000 hours part time work
  - Improved water for 65,000 users downstream
  - Expected to deliver 300k+ tCO₂e
- Phase 2: 2014 onwards scale up to 2.7m ha across Oromia State, targeting drivers of deforestation with innovative interventions including:
  - Agricultural intensification
  - Reducing post harvest losses
  - Developing alternative livelihoods
  - Improved livestock management
  - Cookstove program
- Norway and UK finalizing up to $70m of commitments to begin Phase 2
**Next Steps - General**

- Incorporate input from both public and private sector actors
  - Build small advisory team from public and private sectors
  - Convene workshops with participants in North America and Europe
- Identify pipeline of most promising projects
  - Select against agreed set of developmental and environmental criteria
  - Build on existing BioCF portfolio of projects where possible
- Integrate with other activities
  - Environmental resources/programmes e.g., Forest Investment Program (FIP), Forest Carbon Partnership Facility (FCPF), Program on Forests (PROFOR)
  - Financial structuring resources/programmes e.g., World Bank Treasury, Multilateral Investment Guarantee Agency (MIGA)
  - World Bank President’s Initiative for Climate Smart Agriculture / Landscapes
  - Other relevant activities
NEXT STEPS – PER GEOGRAPHY

• Identify areas to work in and develop understanding of
  – Main drivers of deforestation
  – Key implementation entities (Public, Private, NGO, etc.)

• Develop landscape accounting approach
  – ......
THANK YOU

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